

Committee on Resources

Testimony

Subcommittee on Water and Power

Tuesday, March 4, 1997

1324 Longworth HOB, 2:00 P.M.

**STATEMENT OF MICHAEL A. DEIHL
ADMINISTRATOR
SOUTHWESTERN POWER ADMINISTRATION
U. S. DEPARTMENT OF ENERGY**

Chairman Doolittle, and members of the Subcommittee, I appreciate this opportunity to present an overview of Southwestern Power Administration's (Southwestern) FY 1998 budget request.

PROFILE OF SOUTHWESTERN POWER ADMINISTRATION

Southwestern fulfills the requirement of Section 5 of the Flood Control Act of 1944 by marketing and delivering hydroelectric power in a six-State regional area from 24 multi-purpose Federal water projects operated by the U.S. Army Corps of Engineers; by operating a reliable, efficient, and safe transmission system with maximum service to customers; by recovering the Federal power system investment plus interest and operating costs; and by encouraging energy efficiency for the benefit of the region.

Southwestern sells power at wholesale rates primarily to publicly and cooperatively owned electric utilities. To integrate the operation of the hydroelectric generating plants and to transmit power from the dams to its customers, Southwestern maintains 1,380 miles of high-voltage transmission line, 24 substations, and 46 microwave and VHF radio sites. Southwestern's headquarters is in Tulsa, Oklahoma; its dispatch center is in Springfield, Missouri; and its maintenance crews are based in Jonesboro, Arkansas; Gore and Tupelo, Oklahoma; and Springfield, Missouri.

In FY 1996, Southwestern sold 4,031 gigawatt-hours of energy and revenues totaled \$104 million. Approximately 37% of the \$1 billion in capital investments assigned to Southwestern for repayment has been paid.

FY 1998 BUDGET REQUEST

Southwestern's FY 1998 total program level is \$31.2 million, which includes \$26.5 million of new budget authority and \$4.7 million of reimbursable authority. The majority of funding is dedicated to 189 FTEs in program direction to conduct all activities connected with the marketing and delivery of Federally generated hydroelectric power to customers; transmission line, substation and communication system maintenance; and for equipment replacement at facilities associated with the transmission system.

Southwestern has no new program starts in its FY 1998 budget request. As in previous years, the budget supports the performance of work for others activities on a fully reimbursable basis. This authority reduces Southwestern's need for new appropriations while encouraging initiatives to enhance transmission system capacity and assuring reliable delivery of Federal power, respond to emergency requests for assistance from

customers, and provide services to other Federal entities.

The FY 1998 budget request assumes that Southwestern will begin to cover its share of the unfunded liability of the Civil Service Retirement (CSRS) and Disability Fund, the Employees' Health Benefits Fund and the Employee's Life Insurance Fund. The unfunded CSRS liability is the difference in the actual cost of the current CSRS employees' future retirement benefits and the current payments which are the sum of (1) seven percent withheld from current employees' salaries and (2) an additional seven percent of wages that Southwestern, on behalf of the CSRS, must already contribute into the CSRS and Disability Fund. The Administration is reviewing whether additional legal authority is needed to fully implement this policy.

Mr. Chairman, Southwestern always appreciates the opportunity to discuss its program with this Subcommittee and welcomes any question you or members of the Subcommittee may have.

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